

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-14 EUR-12 NEA-10 ISO-00 SIG-03 CAB-05
CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00
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FM SECSTATE WASHDC
TO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY TEL AVIV
AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: EAIR

SUBJECT: CIVAIR: POSSIBLE MERGER OF PANAM AND NATIONAL

1. PAN AMERICAN AIRWAYS ISSUED PROPOSAL TO NATIONAL AIR-
LINES FOR MERGER. PANAM OFFERED TO PURCHASE ALL SHARES OF
NATIONAL AT \$35 PER SHARE.

2. PANAM OBTAINED CIVIL AERONAUTICS BOARD (CAB) PERMISSION
TO ACQUIRE UP TO 25 OF NATIONAL STOCK TO BE PLACED IN BLIND
TRUST DURING PENDENCYOF CAB PROCEEDINGS. THIS PUTS PANAM
IN SAME POSITION AS TEXAS INTERNATIONAL AIRLINES (TXI)
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WHICH IS ALSO SEEKING ACQUISITION OF NATIONAL, AND HAS SUCH
PERMISSION.

3. THE PURPOSE OF THE BLIND TRUST IS TO INSULATE THE PUR-
CHASER OF NATIONAL STOCK FROM PROSECUTION FOR VIOLATION OF
SECTION 408 OF FEDERAL AVIATION ACT OF 1958 WHICH CONTAINS
PRESUMPTION OF CONTROL AT 10 OF STOCK.

4. IF CAB GRANTS APPROVAL TO PANAM OR TXI FOR ACQUISITION OF NATIONAL, THE MERGER MAY TAKE PLACE. WITHOUT CAB APPROVAL, THE AIRLINES MUST DIVEST THEMSELVES OF NATIONAL STOCK. THE PROCEEDINGS SHOULD BE COMPLETED IN SIX MONTHS.

5. IF MERGER IS THEN CONSUMMATED, CAB APPROVAL OF SPECIFIC TERMS AND OF AMENDED CERTIFICATIONS MUST BE OBTAINED AND SUBMITTED TO PRESIDENT FOR HIS CONCURRENCE.

6. FOREGOING IS FOR POSTS' INFORMATION IN EVENT QUESTIONS ARE RAISED. CHRISTOPHER

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